

### Building costs inflated by labor overtime

Scheduled overtime is a significant cause of inflation in the construction industry. In fact, it might be responsible for as much as \$1 billion per year in added costs, says an unpublished study by Roger Blough's roundtable. The study, made by a task force of what is formally known as the Construction Users Anti-Inflation Roundtable, is expected to be released in a month or so.

The informal study group, put together to help curb construction inflation through a better understanding of the causes and remedies of inflation in the industry (ENR 8/21/69 p.14), makes these observations: A hypothetical job requiring 24 weeks to complete at the regular 40 hours per week rate could be done in 16 weeks with 20 hours of scheduled overtime weekly. However, if the same number of workmen are used, actual work per man-hour declines and the job would, in fact, require 26 weeks to finish due to the reduced productivity. What this really means is that two weeks would be lost in schedule time, even though the mathematics indicate a schedule improvement of eight weeks.

In dollars, this changes the cost per employee from \$6,720 to \$8,960, or an increased labor cost of one-third. This, the roundtable points out, is a mathematical certainty and assumes all other factors remain the same. But they don't. More employees must be added to compensate for the decreased productivity. Thus, a six-month construction job with 100 workmen at 40 hours per week, which would cost \$672,000 in labor, would jump to nearly \$1.2 million if the project were switched to a four-month schedule. And besides all this, studies of scheduled overtime operations show there is an increase in injuries, both in numbers and rate of incidence.

### Model Cities money may be diverted

The already battered Model Cities program may have some of its budgeted but unspent money sidetracked for other programs next year. Right now the Administration is searching for funds to fulfill a Presidential pledge of \$500 million in fiscal 1971 for special education help in desegregating schools and for racially impacted schools. The President said this money would be drawn from other domestic programs. But reports that all of it might come from the Model Cities budget are scoffed at by the White House. Since the total Model Cities budget request for fiscal '71 is only \$575 million, taking \$500 million of it "would totally gut the Model Cities program and we are not going to do that," said White House Press Secretary Ron Ziegler this week.

A decision was expected from the White House this week as to exactly where the money would be coming from. But even if no funds are taken from Model Cities carryover, the idea means the program has received another setback. In the first place, White House officials have been skeptical about the Lyndon Johnson program since President Nixon took office. Thus it was one of the first places they were likely to look for domestic money that could be tapped for the \$500 million.

In addition, some officials at the Department of Housing and Urban Development are privately disenchanted with the scheme that was to help a broad range of poor urban areas. Approved For Release 2002/05/09 : CIA-RDP86-00244R000300020031-8  
On Capitol Hill, some Democratic spokesmen think the program is on the way out and that it is only a matter of time until the concept of broad help to communities is re-

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